

AR46

Eighteenth Annual Report

**CONSOLIDATED BREWIS MINERALS
LIMITED**

as at May 31, 1964

A.W. WHITE

CONSOLIDATED BREWIS MINERALS LIMITED

25 Adelaide Street West, Suite 416, Toronto, Ontario

OFFICERS

ARTHUR W. WHITE - - - - - President
LAWRENCE W. McILMURRAY - - - - - Vice-President
H. RODNEY HEARD - - - - - Secretary-Treasurer

DIRECTORS

[illegible]

AUDITORS

McDONALD, NICHOLSON & CO.
Toronto, Ontario

CONSULTING GEOLOGIST

GEORGE L. HOLBROOKE
Toronto, Ontario

REGISTRAR AND TRANSFER AGENTS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario
BANK OF NEW YORK
New York City, U.S.A.

ALASKA MINES AND MINERALS
INCORPORATED

Anchorage, Alaska

OFFICERS

[illegible]

DIRECTORS

[illegible]

CONSOLIDATED BREWIS MINERALS LIMITED

To the Shareholders:

We are pleased to present the eighteenth annual report of Consolidated Brewis Minerals Limited (formerly DeCoursey-Brewis Minerals Limited) which contains financial statements of this company and its subsidiary, Alaska Mines and Minerals Incorporated, as at May 31, 1964. Both statements have been reported upon by McDonald, Nicholson & Co., Chartered Accountants, auditors of these two companies. After careful consideration, management concluded that presentation of the financial statements of both companies would be more informative and meaningful to you than inclusion in the report of a consolidated financial statement only.

At a meeting held January 20, 1964, the shareholders approved without variation the plan of capital reorganization and financing outlined in the report to shareholders as at October 31, 1963. All features of the plan were subsequently implemented, and results were as set out in the pro forma financial statements which formed part of that report.

GODFREY TOWNSHIP CLAIMS

On February 15, 1964 Consolidated Brewis Minerals Limited acquired an option to purchase 4 patented and 13 unpatented mining claims in Godfrey Township, Porcupine Mining Division, Ontario. The total purchase price is \$12,000 cash and 250,000 treasury shares. The company has paid \$4,000 and issued 150,000 shares. The remainder, \$8,000 and 100,000 shares, is payable at the option of the company on or before January 30, 1965.

Since June 1, 1964, exploration consisting of ground geophysical surveys and 7,098 feet of diamond drilling have been done on these claims. Although the combined values obtained from the assays of diamond drill cores are not of ore grade, copper values indicated over a continuous zone length of 500 feet are definitely encouraging. Mr. Ralph I. Benner, Consulting Geologist, has recommended that further drilling be done on this property.

ALASKA MINES AND MINERALS INCORPORATED

Upon completion of its financial and capital reorganization, Consolidated Brewis Minerals Limited became the owner of 577,322 shares and \$486,000 principal amount of 6% income debentures of Alaska Mines and Minerals Incorporated. This constitutes the major asset of Consolidated Brewis Minerals Limited. The shares represent 52.9% of the outstanding capital stock issued by Alaska Mines and Minerals Incorporated.

The lessees mentioned in our seventeenth annual report to shareholders concentrated their efforts on extracting ore from various areas on the surface of the claims leased to them. This ore contained 140 flasks of mercury which they sold for \$38,640. Royalty paid to Alaska Mines and Minerals Incorporated pursuant to the lease agreement, amounted to \$9,660. Receipt thereof is not reflected in the attached financial statements as the sale of the ore was not consummated until August. By mutual consent the lease was not renewed upon its expiration, September 30, 1964.

The remarkable and substantial increase in the price of mercury from less than \$200.00 per flask a year ago to something in excess of \$400.00 per flask, currently, warrants a prompt reappraisal of the ore potential of the two mercury properties held by Alaska Mines and Minerals Incorporated with a view towards production of mercury from them. Preliminary negotiations relative to the financing of work required in this connection are in progress.

In August 1964, Alaska Mines and Minerals Incorporated acquired an option to purchase an undivided $\frac{2}{3}$ interest in a lease on a gold mining property in El Dorado County, California for a total cost of \$200,000 cash whereof \$35,000 has been paid. The balance is payable at the option of the company in two instalments of \$10,000 each on December 1, 1964 and January 1, 1965 plus a final payment of \$145,000 by March 17, 1965. Diamond drilling on this property commenced recently. Underground exploration and development will follow if such is warranted.

Respectfully submitted on behalf of the Board,

A. W. WHITE,
President.

CONSOLIDATED BREWIS

BALANCE SHEET

ASSETS

Current Assets

Cash in Bank	\$	37,808.04	
Cash in Bank (United States Funds)		1,335.89	
Accounts Receivable		8,454.27	\$ 47,598.20

Interest in Mining Companies and Properties

Securities of Subsidiary, Alaska Mines and Minerals, Inc., at cost (United States Funds) (See Note)			
Income Debentures	\$486,000.00		
Shares	629,178.42	\$ 1,115,178.42	
Shares of Other Mining Companies, at cost		20,000.00	
Exploration Expenditures on Outside Mining Properties, at cost, less amounts written off		99,596.22	
30% Interest in 14 Patented Mining Claims and 3 Licenses of Occupation, Balmer Township, Red Lake Mining Division, at nominal value		1.00	1,234,775.64

Other Assets

Organization Expense			8,091.85
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\$ 1,290,465.69

The accompanying Notes form a

To the Shareholders,
Consolidated Brewis Minerals Limited,
TORONTO, Ontario.

We have examined the Balance Sheet of CONSOLIDATED BREWIS MINERALS LIMITED as at 31st May, 1964, together with the Statement of Exploration Expenditures on Outside Mining Properties, Exploration Account, Statement of Deficit and Statement of Surplus Arising from Reorganizations of Capital Structure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

TORONTO, 16th November, 1964.

S MINERALS LIMITED

31st MAY, 1964

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges	\$	1,700.80	
Interest Accrued (United States Funds)		1,320.00	\$ 3,020.80

Shareholders' Equity

Capital Stock (See Notes)

Authorized 5,000,000 shares of par value \$1.00 each \$ 5,000,000.00

Issued and fully paid

	Par Value	Discount	
Balance, 1st November, 1963 as reorganized	\$ 1,375,000.00	\$ 75,000.00	
Issued during the period			
For Cash	100,000.00	70,000.00	
Under Property Option	150,000.00	105,000.00	
	<u>\$ 1,625,000.00</u>	<u>\$ 250,000.00</u>	\$ 1,375,000.00

Surplus arising from Reorganizations of Capital Structure, per Statement herewith 1,487,798.57

Deficit Account, per Statement herewith \$ 2,862,798.57
1,575,353.68 1,287,444.89

Approved on behalf of the Board:

A. W. WHITE, Director.

L. V. BARBISAN, Director.

\$ 1,290,465.69

Integral part of this Statement.

In our opinion the accompanying Balance Sheet and related Statements, when read in conjunction with the Notes appended thereto, present fairly the financial position of the Company at 31st May, 1964, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

CONSOLIDATED BREWIS MINERALS LIMITED

NOTES TO FINANCIAL STATEMENTS

31st May, 1964

1. The financial statements of the Subsidiary, Alaska Mines and Minerals Incorporated, have not been consolidated with those of the Parent as it is deemed more informative to present separate financial statements for each company.

The company's proportion of the loss of its Subsidiary from date of acquisition in 1963 to 31st May, 1964, not taken up in the Parent Company's accounts, amounted to \$55,889.08. The shares held in the Subsidiary represent 52.9% of the issued capital stock of that Company. The accumulated Deficit in the accounts of the Subsidiary has extinguished the underlying equity in the shares of that Company but no provision has been made for this diminution in value. To provide for this deficiency, a Reserve of \$629,178.42 is required but a decision in this matter has been deferred pending the results of operations of the Subsidiary for the ensuing year.

2. Under date of 19th May, 1964, the Company entered into an agreement for the performance of geophysical surveys in the Township of Godfrey in the Province of Ontario, the cost of which is estimated at \$5,100.00. An amount of \$1,500.00 had been paid by 31st May, 1964, with a further sum of \$3,000.00 payable on completion of field work and the balance due upon submission of the report.
3. By agreement dated 5th March, 1964, the Company granted options on 900,000 shares of its unissued capital stock as follows:
 - 100,000 shares at 30¢ per share payable on or before 12th June, 1964
 - 200,000 shares at 35¢ per share payable on or before 12th September, 1964
 - 200,000 shares at 40¢ per share payable on or before 12th December, 1964
 - 200,000 shares at 45¢ per share payable on or before 12th March, 1965
 - 200,000 shares at 50¢ per share payable on or before 12th March, 1965
4. By agreement dated 15th February, 1964, the Company acquired an Option to purchase 4 patented mining claims and 13 unpatented mining claims in the Township of Godfrey, Porcupine Mining Division, for a consideration of \$12,000.00 cash and 250,000 shares of its unissued capital stock. The Company had paid \$4,000.00 cash and issued 150,000 shares of its capital stock in this connection at 31st May, 1964; it may, at its option, complete the purchase by payment of \$8,000.00 in cash and the issue of 100,000 shares on or before 30th January, 1965.
5. The plan of reorganization approved by the Board of Directors, 13th November, 1963, and ratified at the Annual and General Meeting of Shareholders, 20th January, 1964, which was described in the Notes to Balance Sheet, 31st October, 1963, was fully implemented during the period ended 31st May, 1964.

STATEMENT OF SURPLUS ARISING FROM REORGANIZATIONS OF CAPITAL STRUCTURE

For the year ended 31st May, 1964

Balance, 1st June, 1963	\$ 43,066.05
Add: Surplus arising from reorganization of Capital Structure, 31st October, 1963	1,444,732.52
Balance, 31st May, 1964, transferred to Balance Sheet	<u>\$ 1,487,798.57</u>

STATEMENT OF DEFICIT

For the year ended 31st May, 1964

Balance, 1st June, 1963	\$ 642,144.00
Add: Amount transferred from Exploration Account	933,209.68
Balance, 31st May, 1964, transferred to Balance Sheet	<u>\$ 1,575,353.68</u>

CONSOLIDATED BREWIS MINERALS LIMITED

EXPLORATION ACCOUNT

For the year ended 31st May, 1964

Administrative Expenses

Annual Meeting Expense	\$ 1,296.50	
Capital and Place of Business Taxes	57.65	
Fees, Legal and Other	5,456.68	
Foreign Exchange	1,128.87	
Directors' Fees	150.00	
Loan Interest	3,578.75	
Head Office Maintenance	3,000.00	
Printing, Stationery and Office Expense	399.77	
Transfer Agent's Fees	2,067.44	
Share Issue Expense	1,135.03	
Mining Licenses and Taxes	200.00	
Officer's Salary	25.00	
	<u>\$18,495.69</u>	
Deduct: Adjustment of prior year's expenses	3,637.25	\$ 14,858.44
Outside Exploration Expenditures, written off during the year		135.65
		<u>\$ 14,994.09</u>
Balance, 1st June, 1963		918,215.59
Balance, 31st May, 1964, transferred to Statement of Deficit		<u>\$933,209.68</u>

STATEMENT OF EXPLORATION EXPENDITURES ON OUTSIDE MINING PROPERTIES

For the year ended 31st May, 1964

Exploration Expenses

Fees and Licenses	\$ 111.10	
Technical Services	300.00	
Option Payments	49,000.00	
Miscellaneous	138.23	
Professional Services	587.00	
Transfer and Recording Fees	82.75	
	<u>\$50,219.08</u>	
Less: Royalty on Gold Production	2,489.60	\$ 47,729.48
Balance, 1st June, 1963		52,002.39
		<u>\$ 99,731.87</u>
Less: Amount transferred to Exploration Account		135.65
Balance, 31st May, 1964, transferred to Balance Sheet		<u>\$ 99,596.22</u>
Property Purchase and Option Payments	\$74,025.40	
Exploration Expenditures	25,570.82	
	<u>\$99,596.22</u>	<u>\$ 99,596.22</u>

ALASKA MINES AND MINERALS INCORPORATED

BALANCE SHEET

ASSETS

Current Assets

Cash on Hand and in Bank	\$ 13,765.03	
Accounts Receivable		
McCally Trading Company, Inc.	\$26,990.69	
Employees	51.00	
Other	20,809.53	47,851.22
Inventory of Operating Supplies, at cost or estimated market whichever is lower	77,695.30	
Prepaid Insurance	1,990.40	
Refundable Deposits	65.00	\$141,366.95

Fixed Assets, at cost

Buildings	\$331,257.63	
Equipment, Furniture and Fixtures	566,274.94	
Oil Storage Tanks	33,512.23	
Sewer, Water, Power and Fuel Lines	60,708.87	
	\$991,753.67	
Deduct: Accumulated Depreciation	697,268.42	
	\$294,485.25	
Mining Properties	12,000.00	306,485.25

Other Assets

Deferred Exploration and Development		
Red Devil Claims, per Statement herewith	\$ 80,339.25	
DeCoursey Mountain Claims	40,380.46	
Outside Exploration Expenditures	7,071.08	127,790.79
		<u>\$575,642.99</u>

The accompanying Notes form a part of this financial statement.

To the Board of Directors,
Alaska Mines and Minerals Incorporated,
ANCHORAGE, Alaska.

We have examined the Balance Sheet of ALASKA MINES AND MINERALS INCORPORATED as at 31st May, 1964, and the related Statements of Operations, Deficit and Deferred Exploration and Development for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances, except that we did not attend and observe the taking of physical inventories as at 31st May, 1964.

TORONTO, 16th November, 1964.

ERALS INCORPORATED

31st MAY, 1964

LIABILITIES

Current Liabilities

Bank Loans, unsecured	\$	47,996.84	
Wages and Salaries Payable		2,831.83	
Accounts Payable and Accrued Charges		8,599.02	
Accrued and Withheld Taxes and Insurance		622.35	\$ 60,050.04

Non-Current Liabilities

Exploration Advances from U.S. Government (Note 4)	52,363.27
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6% Cumulative Redeemable Income Debentures, maturing 1st June, 1972 (Note 1)

Authorized	<u>\$ 1,000,000.00</u>	
Issued and Outstanding		1,000,000.00

Shareholders' Equity

Capital Stock

Authorized 3,500,000 shares of par value \$1.00 each	<u>\$ 3,500,000.00</u>
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Issued and fully paid

Balance, 1st June, 1963	722,000 shares	\$ 722,000.00
Issued during the year	369,322 shares	369,322.00

Balance, 31st May, 1964	<u>1,091,322</u>	<u>\$ 1,091,322.00</u>
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Capital Surplus (unchanged during the year)	2,241.50
	<u>\$ 1,093,563.50</u>

Deficit, per Statement herewith	<u>1,630,333.82</u>	<u>(536,770.32)</u>
		<u>\$ 575,642.99</u>

gral part of this Statement.

In our opinion, subject to the limitation in the scope of our examination referred to in the preceding paragraph, the accompanying Balance Sheet and related Statements present fairly the financial position of ALASKA MINES AND MINERALS INCORPORATED at 31st May, 1964, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

ALASKA MINES AND MINERALS INCORPORATED

NOTES TO FINANCIAL STATEMENTS

31st May, 1964

(1) 6% Income Debentures

The Debentures contain various provisions and restrictions affecting, inter alia, payment of dividends and redemption of Debentures. Cumulative Interest on the Debentures at the rate of 6% per annum shall only be paid out of net earnings as defined in the Debentures.

(2) Contingent Liability

Interest on Income Debentures for the period from date of issue, 1st June, 1962, to 31st May, 1964, aggregated \$71,400.00 which amount will only become payable as soon as there are net earnings (as defined in the Debentures) to pay the same. For the year ended 31st May, 1964, the Company had no net earnings (as defined in the Debentures).

(3) Mining Leases

The mining property at Red Devil, Alaska, is held under Mining Leases. Lease payments are computed as a royalty on Mercury produced and sold.

By Agreement dated 28th September, 1963, the Company sub-leased the Red Devil mining property and equipment to a partnership for the purpose of producing mercury, in consideration for a 25% royalty payable to the Company on the gross returns from the sale of mercury; as at 31st May, 1964, a Royalty of \$9,660.00 was due from reported production which amount will be taken into income when the mercury is sold.

(4) O.M.E. Advances

The Company entered into an Exploration Contract, dated 9th October, 1962, with the Office of Minerals Exploration, United States of America, wherein O.M.E. agreed to contribute 50% of the total fixed unit costs of exploration work performed during the 24 month period commencing 1st December, 1962, not in excess of \$162,050.00. Advances shall only be repayable out of production during the ten year period commencing with the date of the Contract. As at 31st May, 1964, the Company had received advances totalling \$52,363.27 and there had been no production from the specified lands at that date.

Interest on advances to 31st May, 1964, aggregating \$3,291.99, will be payable only if and when the Advances are repaid out of production from the specific lands during the aforementioned ten year period.

(5) Future Commitment

By Agreement dated 11th August, 1964, and in consideration of a payment of \$25,000.00, the Company acquired an Option to purchase an undivided two-thirds ($\frac{2}{3}$) interest in a Lease Agreement on the Hazel Creek gold mining property, located in the County of El Dorado, State of California, for a further aggregate payment of \$175,000.00 on or before 17th March, 1965.

STATEMENT OF DEFICIT

For the year ended 31st May, 1964

Balance, 1st June, 1963		\$ 1,549,350.75
Deduct: Adjustment of prior year's Inventory of Operating Supplies		24,667.37
		<hr/>
		\$ 1,524,683.38
Add: Net Loss for the year	\$72,098.07	
Expenditures on lapsed Option written off	33,552.37	105,650.44
	<hr/>	<hr/>
Balance, 31st May, 1964, transferred to Balance Sheet		<u>\$ 1,630,333.82</u>

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF OPERATIONS

For the year ended 31st May, 1964

Income

Sales of Refined Mercury	\$64,377.50
Less: Production Costs, per Schedule herewith	33,648.46
Gross Profit	<u>\$30,729.04</u>

Sales and Administrative Expense

Caretaker's Fees	\$3,750.00
Fees and Expenses for Professional Services	3,707.47
Fire and General Insurance	8,943.57
General Travel and Accommodation	598.00
Interest and Bank Charges	3,888.10
Inventory Losses	6,975.84
Management Expense and Travel	2,646.99
Marketing	676.79
Miscellaneous	2,034.33
Mine Management Salary	4,087.50
Office Salaries and Expense	3,911.77
Telephone and Telegraph	855.19
	<u>42,075.55</u>

Operating Loss	<u>\$11,346.51</u>
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Other Income

Rental and Other Income	\$2,745.85
Profit on Sale of Equipment	8,864.46
	<u>11,610.31</u>

Profit before Provision for Depreciation	\$ 263.80
Provision for Depreciation	72,361.87

Net Loss for the year, transferred to Statement of Deficit	<u><u>\$72,098.07</u></u>
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SCHEDULE OF PRODUCTION COSTS

For the year ended 31st May, 1964

Direct Labour, Material and Expense

Mining	\$13,151.69
Milling	9,718.32
	<u>\$22,870.01</u>

Other Direct Charges

Freight Out	\$ 2,340.18
Royalty Expense	2,462.44
Shop and Equipment Expense	3,332.89
Unemployment Insurance and Social Security Contributions	1,250.92
Workmen's Compensation	(4,106.16)
	<u>5,280.27</u>

Campsite Expense

Labour	\$ 405.00
Maintenance and Warehouse Expense	5,093.18
	<u>5,498.18</u>

Total Production Costs	<u><u>\$33,648.46</u></u>
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ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT RED DEVIL CLAIMS

For the year ended 31st May, 1964

Direct Expense

Crosscutting and Drifting	\$4,021.92	
Geological Services and Expenses	2,801.05	
Supervision	287.50	
Unemployment Insurance and Social Security Contributions	113.38	
Workmen's Compensation	(4,819.49)	\$ 2,404.36

Indirect Expense

Mine Office Expense	\$ 54.18	
Operation and Maintenance of Equipment	141.64	
Service Shops	328.24	524.06

\$ 2,928.42

Balance, 1st June, 1963 77,410.83

Balance, 31st May, 1964, transferred to Balance Sheet \$80,339.25

